Minnesota Valley Co-op News

Volume 78 • No. 2 • February 2016

Manager's Message • Pat Carruth

General Manager

Ending 2015 in Good Financial Shape

We closed out our books for the year 2015 in late January. We had a great year financially and operationally. We ended the year with just over $2,100,000 in total margins. Some of the credit for this comes from the super weather we had during the year. Outages and their associated costs were down to the lowest levels in years. We are hopeful that this will continue for this year. Energy sales were down for the year by about 5%. This is a direct function of the weather as well. The upside to this is since we sold less retail power, we purchased less wholesale power. Also, everyone here worked hard to keep the cost of doing business in check this past year. It all adds up and we were very fortunate to have another great year.

Annual Meeting

Please join us on Saturday, March 19th at the Prairie's Edge Casino for your Annual Owners' Meeting. We will be serving breakfast at 8:30 a.m. and get the meeting underway by 10:30 a.m. We will have director elections in Districts 1, 2, 4 and 6. The business meeting and drawings for the Basin Tour and door prizes should be done by noon. The Annual Meeting is a great place where you can come and visit with your board, talk to your employees and learn about your business. It is a good place to get more information as to how your business is doing. We look forward to seeing you there!

Retiring Balance of 2002 and 65% of 2003 Capital Credits

The board approved retiring $1,257,917 in patronage capital beginning at our Annual Meeting on March 19th at Prairie's Edge Casino near Granite Falls. We will also be retiring out estates throughout the year. Your board remains committed to aggressively retiring capital credits. For distribution cooperatives in Minnesota, there are only 4 out of 43 that have retired a higher percentage of their total patronage capital than Minnesota Valley. Nationwide, there are only 49 out of 815 that have done better.

In case you didn't know, when you signed up to receive electric power from Minnesota Valley you became a member – and owner – of an electric utility. Not just any electric utility, but a cooperative electric utility. One of the things

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2016 Annual Meeting

Saturday, March 19th at Prairie's Edge Casino and Convention Center

Breakfast Buffet begins at 8:30 a.m.

Meeting at 10:30 a.m.

Business Office • Candice Jaenisch

Office Manager

Minnesota Valley's 2015 Financial Audit Completed

The annual audit was completed on January 19th, 2016 by *Brady, Martz & Associates, PC* out of Grand Forks, North Dakota. This is a crucial part in presenting our financial statements to the members of Minnesota Valley Cooperative Light & Power Association. A representative from Brady, Martz & Associates, PC will present the audit to the Board of Directors at the February board meeting. Once the financial statements are approved by the Board of Directors, they are presented to the members at the Annual Meeting on Saturday, March 19th, 2016.

After the Financial Statements are approved by the board, they are given to Power System Engineering, Inc. who will allocate the margins for the members. This allocation is based on your patronage and is reported to the members on their May billing statement.

Our financial condition remains strong at the end of 2015. Net operating margins came in just over $2.1 million. Our operating revenue was down just 1.4% from budget, which is really remarkable considering the mild winter we had last year. Along with that, power costs were also down 8% which helped our total operating expenses to be under budget by 4%. Total Utility Plant came in just over 66 million, which is an increase of 2.4 million from 2014. We

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Manager's Message *(continued from page 1)*

that differentiates a cooperative from any other forms of business is how we handle any profits. Profits in the cooperative world are called margins and we book them as capital credits.

- **What are capital credits?** While investor-owned utilities return a portion of any profits back to their investors (which are for the most part not their rate payers), electric cooperatives operate on a not-for-profit basis. Any profits or margins belong to the member-owners and all are returned to them over a period of time. As a cooperative, if we are in good financial condition, we issue capital credits (also called patronage capital or equity capital) based on how much you paid the cooperative for electricity during a specified time period. This year, if you bought power in 2002 and 2003, you will be getting a check.
- **Where does the money come from that makes up capital credits?** Member-owned, not-for-profit electric utilities like Minnesota Valley set rates to generate enough money to pay operating costs, make payments on loans and pay for wholesale power. At the end of each year, we subtract expenses from the total amount of money collected during the year. The balance is called a "margin" or what are essentially capital credits. We use the cash from this margin for several years to operate the cooperative before returning it to you.
- **Are capital credits refunded every year?** Each year, the Minnesota Valley Board of Directors makes a decision on whether to refund capital credits based on the financial health of the cooperative. During some years the co-op may experience events such as severe storms, which may result in the need to spend additional funds to repair line. This type of event might cause the board to defer any capital credit refunds.
- **How does Minnesota Valley compute the retirement of capital credits?** Margins are calculated and allocated to members as "capital credits" based on their purchases from the cooperative – how much power the member used. Capital credits have always been retired on a first-in, first-out method. Checks for less than $10 are not issued and the amount is run into the next year. We also discount and retire estates at 4% per year.

Business Office *(continued from page 1)*

continue to improve our system to provide the members with the most reliable service at the lowest possible cost.

2016 Capital Credit Retirement

The 2016 capital credit checks will be printed in the first part of February. The board has approved retiring the balance of 2002 and 65% of 2003. This amounts to just over $1.25 million. We are still in the 12-13 year payout range. Capital credit checks will be available for members to pick up at the Annual Meeting on March 19th, 2016.

Automatic Payments and Operation Round Up

Thank you to the members who have elected to use automatic payment to pay their energy bill. Currently, over 22% of our membership uses this method of payment. We continue to have delays in receiving payments through the mail. If you would like to sign up for automatic payment, please call the Business Office at 320.269.2163.

Operation Round Up continues to grow as members see the importance of this program. In 2015, members donated nearly $7,300 to this program. Operation Round Up grants money to individuals who have a medical or financial crisis and to civic organizations that support local causes in our service area. If you would like to sign up for Operation Round Up, please call the Business Office.

Comparative Report

	Jan-Dec 2015	Jan-Dec 2014	Jan-Dec 1995
Kwh Purchased	208,093,707	222,191,056	141,326,622
Kwh Sold	196,783,550	210,100,344	131,728,474
Cost Of Purchased Power	$9,690,638	$10,580,163	$4,471,096
Patronage Capital Margins	$2,179,160	$2,475,569	$723,615
Reserve For Taxes	$266,750	$243,310	$317,730
Cost Per Kwh Purchased (mills)	46.57	47.62	31.64
	December '15	**December '14**	**December '95**
Total Plant	$66,230,868	$63,829,957	$27,293,768
# Of Members Receiving Service	5,257	5,270	5,159
Average Residential Bill	$224.95	$250.65	$113.92
Average Residential Kwh Consumption	2,454	2,793	1,495
Average Kwh Usage All Consumers	3,570	3,930	2,394
Peak Kw Demand (Peak Load)	37,858	41,579	27,683

Find Your Location and Get a $10 or $20 Bill Credit!

There are two hidden account numbers in this newsletter. If you find your number, you will receive a $10 energy credit or $20 if you are an *Operation Round Up* participant. Call the office to claim your credit.

Ben Pohlen of Minneota found his location and received a $10 credit on his energy bill!

Engineering & Operations • John Williamson

Manager of Engineering & Operations

The cold weather sure found us and if you didn't win the big Powerball last month, you are still here in cold country. So, let's hunker down for the next few months and enjoy it.

The crews have been out building some overhead lines west of Cottonwood. We also have our contractor, Karian Peterson (whom we/you own part of), building four miles of three-phase line east of Milan. Line patrol is also going on this time of year. Our crews work hard to locate potential problems and fix them before they cause an outage. As always, if you notice something that doesn't look right, please give us a call so we can check it out. H two fourteen zero three It may be nothing but then again it could possibly help us avoid a larger problem later.

With the new year work plans in place, we have materials coming in steadily so when we are ready to start the next projects, we have everything we need to complete them.

We hold several safety meetings each year. This past month, we concentrated on driving awareness, with the use of a driving simulator. The simulator works by placing obstacles such as animals, pedestrians, motorcycles, icy roads, etc. in the driver's path to increase awareness of common things to keep an eye out for when driving. Pictured with the simulator is *Scott Monson*.

We still have some old wooden wire spools and used poles to give away. If you are interested, call the office. We ask that you provide your own transportation, but we will help load them.

Win a Trip to the 2016 Youth Tour in Washington, D.C.

Minnesota Valley will again be sponsoring a youth trip in 2016. The program is open to all high school sophomores and juniors in Minnesota Valley's service area, whether or not their parents are members of the cooperative. To qualify, you will need to submit an essay and application form which are available by calling Minnesota Valley. **All applications/ essays must be completed and in our office by March 11th, 2016.** If you place first in the competition, you will be awarded an all-expense-paid trip to our nation's capital along with about 40 other students from Minnesota cooperatives.

The Electric Cooperative Youth Tour to Washington, D.C. is scheduled for June 11th-16th, 2016. The students will join over 1,000 young people from across rural America given the opportunity to see American government in action, tour our nation's capital, visit historic places of interest and meet many new friends.

All winners are guaranteed a good time! If you are a high school sophomore or junior living in Minnesota Valley's service territory and would like to go on this all-expense-paid trip, call *320.269.2163* or *800.247.5051* and we will send or email you the complete application or go online at *www.mnvalleyrec.com* and download the application.

Notice of Annual Member Meeting of Minnesota Valley Cooperative Light & Power Association

Notice is hereby given that the Annual Meeting of the members of Minnesota Valley Cooperative Light and Power Association will be held at *Prairie's Edge Casino and Convention Center* on **Saturday, March 19th, 2016.** Registration and breakfast buffet opens at 8:30 a.m. The meeting begins at 10:30 a.m. at which time the following business will be transacted:

- To hear, examine and approve the reports of the officers, directors and committees.
- To elect four directors for said Cooperative for the ensuing term.
- For the transaction of other businesses as may lawfully be brought before the membership of the Cooperative and as may be deemed to be in the best interest of the Cooperative.

Dated: *January 28th, 2016 Tim Velde, Secretary*

Non-Discrimination Statement

Minnesota Valley Cooperative Light & Power Association is the recipient of Federal financial assistance from the U.S. Department of Agriculture (USDA). The USDA prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability and, where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at 202.720.2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue S.W., Washington, D.C. 20250-9410, or call toll free 866.632.9992 (voice) or 800.877.8339 (TDD) or 866.377.8642 (relay voice users). USDA is an equal opportunity provider and employer.

Patrick C. Carruth, General Manager, Minnesota Valley Cooperative Light and Power Assn., P.O. Box 248, 501 South 1st Street, Montevideo, MN 56265 • Date: 2-1-16

Cogeneration and Small Power Production Compliance Notification

In compliance with MN Adopted Rules Relating to Cogeneration and Small Power Production Chapter 7835, Minnesota Valley Cooperative Light and Power Association is required to interconnect with cogenerators and small power producers which satisfy the conditions of a Qualifying Facility. The Cooperative will provide information relating to rates and interconnection requirements to all interested members free of charge upon request. An application of interconnection is required for a Qualifying Facility to interconnect and operate in parallel with the Cooperative's distribution system and is subject to approval by the Cooperative. Any disputes between the Cooperative and its members over interconnections, sales and purchases are subject to resolution by the Minnesota Public Utilities Commission.

Members interested in obtaining further information should contact Patrick C. Carruth, General Manager, Minnesota Valley Cooperative Light and Power Association, at: 320.269.2163/800.247.5051

All Light is Not Created Equal

A light bulb burns out in your kitchen fixture and you are all out of replacement bulbs! You head down the light bulb aisle at your favorite store, only to find what appears to be hundreds of different kinds of bulbs. One light bulb is as good as the next, right? The answer is, not even close. Different bulbs have many different properties that can affect whether that bulb will perform the way you want. Those properties include color temperature, color rendition, operating temperature range, environmental effects, wattage and lumens output. It sure sounds confusing, doesn't it? Well, it really isn't that bad. Keep in mind that we are referring mainly to compact fluorescent lamps (CFLs) or light emitting diodes (LEDs) in these cases, but many people will say they don't use these kind of light bulbs because "they just don't look right". What they are probably referring to is the color temperature or rendition of the light itself.

What Does Temperature and Color of a Bulb Mean to You?

The color of light is determined by its wavelength, and all light bulbs have different wavelengths. The two ratings that are commonly used to describe the color properties of lamps are color temperature (Kelvin) and color rendering index (CRI). Color temperature is the color appearance of the light produced by a lamp and the color appearance of the lamp itself. It is measured on a Kelvin scale (K). A lamp with a low color temperature will have a "warm" appearance (red, orange or yellow). Conversely, a lamp with a high color temperature will have a "cool" appearance (blue or blue-white). As a simple example, if a steel rod were placed into a fire it would first turn red, then orange as it heats up, until it finally turns bluish white. The temperatures of the rod and the color at each temperature describe the color of a source. It may sound like a contradiction, but low color temperature lamps have more red wavelengths, thus creating a warm feeling. High color temperature lamps have more blue wavelengths creating a cool feeling.

The *Soft White* (also known as *Warm White*) CFL or LED color temperature is in the 2700K range. This is the most common color temperature. *Soft White* provides a warm white color with more yellow than *Cool White* or *Daylight* bulbs, which appear "warmer". This warmer color is usually preferred in living spaces such as living rooms, dens and bedrooms.

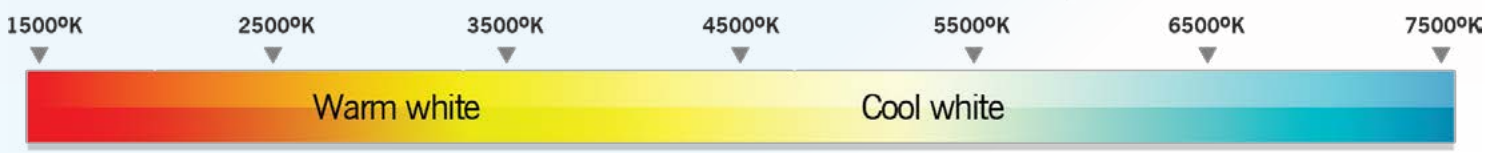
The *Cool White* CFL color temperature is in the 4100K range. *Cool White* bulbs are preferred in many applications because the light they output makes items illuminated appear crisper. *Cool White* is often preferred in bathrooms and other task areas where you want a crisper view of the items being illuminated. They are also great for reading. While they are not actually brighter than their *Soft White* equivalents (brightness is measured in Lumens) they appear brighter and have a bluer-white light. We would recommend a higher color temperature in the areas that you need more definition.

The *Daylight* CFL color temperature is from 5000K to 6350K range. *Daylight* bulbs are preferred in many applications because the light they output makes items illuminated appear as they would when illuminated by sunlight. I one zero two zero four *Daylight* bulbs are often preferred for photography, painting or other tasks that require a true color representation of the objects being illuminated. They are also good for helping reduce the effects of Seasonal Affective Disorder disease (SAD) since they give the effect of summertime sunlight.

Color rendition is a measure of how the lamp influences the color appearance of the objects that are being illuminated. It is an evaluation of how colors appear under a given light source, and represents the ability of a lamp to render color accurately and to show color shade variations more clearly. For example, a shade of red can be rendered pinker, yellower, lighter or darker dependent on the characteristics of the illumination falling on it. High color rendition allows us to see objects as we would expect them to appear under natural sunlight. Color rendition is measured via a complex process on the Color Rendition Index (CRI) scale ranging in value from 0 to 100, with 100 being natural sunlight. Therefore, the higher the CRI, the higher the "quality" of the light produced. A perfect 100 CRI light bulb does not exist, because we cannot exactly simulate sunlight.

Choose the Right Light!

So, make the right choice of lamps when you are purchasing illumination in the future. A simple thing to remember is that the higher the temperature and color rendition of the bulb, the closer that bulb is going to resemble natural sunlight. It is harder to attain the desired color and temperature rendition as you move higher up the scales. *Daylight* or natural light bulbs are more difficult to make, therefore possibly making them more expensive. So the next time you are shopping for light bulbs, hopefully this information will give you a better understanding of what the numbers mean.



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